

WHAT IT MEANS TO BE KEEPING THE LIGHTS ON (KTLO)



The percentage of IT resources and budget that is allocated to Keeping the Lights On (KTLO) is an increasing point of frustration and concern for many CIOs and IT leaders. KTLO refers to basic systems and infrastructure maintenance. Most IT organizations spend around 80% of their resources and budget on simply supporting the infrastructure and apps that are already in place.

While obviously KTLO is essential, IT leaders, under constant pressure to reduce their budget, are forced to find a balance of maintaining current systems while also allowing for the innovation and development that will increase the value that IT delivers. This balance, while difficult to find, can have substantial short and long-term impacts on the organization.

KTLO Frustrations

A recent survey by Vanson Bourne, titled The State of Innovation, asked 900 CIOs, IT leaders, and financial decision-makers from around the globe about IT innovation and obstacles facing their organizations. The results showed that 89% of those surveyed thought that their organization ought to be spending more on innovation. Additionally, 77% believed that spending too much on KTLO is a major obstacle for their organization.

As leaders know, more investment in innovation leads to an increase in innovation and more successful businesses. Yet, this survey found that KTLO was the single, biggest obstacle for IT innovation. Additionally, the survey found that 90% of leaders felt that innovation budgets need to increase by 10%; 70% felt that their technology provider did not help the organization innovate; and

63% surveyed felt locked in a relationship with their current tech provider.

A key takeaway from the survey was a general sense of frustration from leaders surrounding the amount of IT budgets spent on KTLO and a lack of resources to help innovate and ensure that IT is adding organizational value.

Rebalancing IT Budgets

A key to allowing IT teams to do more than simply the "daily churn" is finding a way to rebalance budget priorities. Obviously, system maintenance and support activities are essential, so IT leaders must find ways to reduce the cost of KTLO and redirect funds to innovation and new tools.

Many CIOs face a reality where daily maintenance drains the IT budget and leaves little for innovation and development. In 2018, a Insight Intelligent Technology Pulse Survey was done specifically to address this industry-wide issue. In discussing this survey, Insight's CIO, Michael Guggemos, noted that too many IT organizations find themselves just doing what they have to to get through the quarter, only to find themselves, a couple of years later, behind in their organization and industry.

Insight's survey was specifically aimed at addressing this danger and helping businesses find ways to get out of the daily churn in order to become more valuable to the organization. One take away from Insight's research was the fact that many organizations are not strategic about additions that they make to their organization. In fact, Guggemos notes that about 50% of major IT decisions are "media ware" decisions, meaning that someone from the organization attends a conference and comes back with an idea that may or may not fit well with the organization.

Instead of falling into these bad habits, it's important for IT decision-makers to be more strategic about how their decisions are made. Insight notes that smarter IT decisions will lead to a competitive advantage. For example, Insight notes that having the most talented IT team that is focused solely on server management likely won't lead to much of a competitive advantage. As a result, tasks like server management and security can be outsourced to free up your team's resources.

Outsourcing rote, commoditized work can help your IT team have the space to address higher-level problems that can add more value to your organization. These KTLO tasks are certainly important, but finding ways to let your IT team simply manage third parties that are handling these issues, while focusing on higher level tasks, will maximize your team's potential, helping it to contribute more effectively while driving organization-wide strategy.

Maximizing KTLO Efficiency

Similarly, in a recent roundtable discussion put together by ServiceNOW, nine CIO and IT leaders from different industries sat down to discuss IT strategy. A takeaway from that discussion was the importance of understanding where KTLO resources are being used. These leaders appreciate that understanding where specific costs are and what these investments are accomplishing is an important first step towards maximizing KTLO efficiency.

In addition to noting the importance of outsourcing certain tasks, like cloud services and Software as a Service (SaaS) providers, the participants highlighted the need for IT teams to learn to manage third-party providers, as opposed to providing all of those services themselves.

Additionally, they noted the inefficiencies that come from many support models, which can result in

IT teams constantly addressing user issues and never being able to work on anything to add meaningful value to the organization. One way to combat this issue is an increase in self-service support models. While these models take organization-wide buy-in and may not work in all organizational cultures, the utilization of these models can be a way to better utilize the skills of IT teams.

To help ensure an efficient use of teams and resources, leaders should focus on the question of what IT teams are good at and ways to leverage those strengths in order to lead to organization-wide benefits.

Finding the Right Balance of IT Resources

Determining how much of an IT budget should be allocated to KTLO and how much should be used for innovation and other new tools will vary from organization to organization. For example, a company with a loyal customer base and a mature product line might have a higher portion of resources allocated to KTLO than a company looking to expand to new markets or to add new products.

As a result, leaders need to look at their organizational goals, strengths, and plans when figuring out how to allocate their IT budget. To find the right balance, it's important to apply business management practices to IT teams. Specifically, experts at Ventana Research advise that organizations should work to separate a KTLO budget from a discretionary IT budget.

After doing that, aim to have the KTLO budget account for 50-80% of the overall budget. In addition to some of the examples listed above, standardizing data archiving across all programs and applications, automating data processes, and having an effective life-cycle management process are all ways that organizations can reduce KTLO budgets.

With the discretionary budget, organizations can allow their IT team to innovate and to focus on things that will bring value to the organization. Additionally, these resources can be allocated for new tools and systems that will add value to the organization, such as Master Data Management (MDM), data virtualization, and data migration.

Conclusion

Finding ways to reduce the resources dedicated to KTLO can help IT teams focus on innovation and new systems to add value to their organization. Finding the right balance can be difficult, but working to reduce KTLO costs and to determine other IT needs will help to make the IT team and the organization stronger and more competitive.